

VZCZCXRO2020
RR RUEHCN RUEHGH
DE RUEHGH #0229/01 1450909
ZNR UUUUU ZZH
R 250909Z MAY 09
FM AMCONSUL SHANGHAI
TO RUEHC/SECSTATE WASHDC 7955
INFO RUEHBJ/AMEMBASSY BEIJING 2800
RUEHSH/AMCONSUL SHENYANG 1979
RUEHGZ/AMCONSUL GUANGZHOU 0445
RUEHCN/AMCONSUL CHENGDU 1988
RUEHHK/AMCONSUL HONG KONG 2157
RUEHIN/AIT TAIPEI 1776
RHEHAAA/NSC WASHINGTON DC
RUCPDOG/USDOC WASHINGTON DC
RUEHGH/AMCONSUL SHANGHAI 8601

UNCLAS SECTION 01 OF 04 SHANGHAI 000229

SENSITIVE
SIPDIS

STATE ALSO FOR EAP/PD - STOLTZ, GALT AND EMMONS
STATE ALSO FOR ECA
STATE ALSO FOR S/S-P JAMES GREEN
USDOC FOR ITA/MAC/OCEA
NSC FOR LOI, SHRIER

E.O. 12958: N/A

TAGS: [PGOV](#) [ECON](#) [PREL](#) [BEXP](#) [OVIP](#) [PELOSI](#) [NANCY](#) [CH](#)
SUBJECT: CODEL PELOSI MEETING WITH SHANGHAI PEOPLE'S CONGRESS
CHAIRMAN

¶1. (SBU) Summary: Welcoming Speaker of the U.S. House of Representatives Nancy Pelosi and a delegation of five additional House members on May 24, Shanghai Municipal People's Congress (MPC) Standing Committee Chairman Liu Yungeng characterized the Speaker's visit to Shanghai as good both for China and for the municipality. Liu acknowledged the global financial crisis had slowed Shanghai's growth but believed Central Government economic stimulus policies and popular expectations for the 2010 World Exposition are helping to reenergize the local economy. He acknowledged rapid growth has led to challenges for the municipal leadership, particularly in dealing with citizens' discontent over relocation as a result of urban redevelopment. The Speaker thanked Liu and his colleagues for their efforts on the delegation's behalf and indicated she would work with Secretary of State Clinton on U.S. representation at the 2010 Expo. End summary.

U.S.-China Relations "Positive, Cooperative, Comprehensive"

¶2. (SBU) Following introductions of the Chinese attendees at the May 24 meeting with Speaker Pelosi, Shanghai Municipal People's Congress Standing Committee Chairman Liu Yungeng welcomed the Speaker's delegation and observed relations between the United States and China have been developing "steadily and progressively" since President Obama took office in January. President Obama and Chinese President Hu Jintao, he noted, had reached a consensus at the London G20 meeting in April on establishing a "positive, cooperative, and comprehensive" relationship between the two countries. Liu praised the 1999 establishment of the parliamentary exchange between China's National People's Congress Standing Committee and the U.S. House of Representatives as another bridge for friendly interaction between U.S. and Chinese legislators.

¶3. (SBU) Liu stressed that the delegations decision to make Shanghai their initial stop on their visit to China was good not only for China but particularly for Shanghai in its own effort

to build ties with other countries and regions. Shanghai, Liu noted, has sister-city relations with San Francisco and Chicago. He hoped the Speaker and other members of the delegation would leave Shanghai with a better understanding of the city and invited them to be candid in any suggestions they might have on how to improve it.

Effects of Financial Crisis Appear to Be Easing

14. (SBU) Reviewing Shanghai's development, Liu observed the municipality had enjoyed double-digit economic growth both in gross domestic product and in citizens' incomes for many years. The global financial crisis had caused growth to slow in 2008 to 9.7 percent, but central government policies to boost domestic demand have started to create a "warming" of the local economy. In particular, policies aimed at aiding enterprises had led to a pick-up both in the stock market and in the housing market during the first four months of 2009. Strong growth in retail sales during the January-April period shows the ability and willingness of Shanghai residents to consume more. Moreover, the Central Government has reiterated its support for Shanghai to develop its service and advanced manufacturing sectors and to act as China's leading financial and shipping center. Expectations for the Shanghai 2010 World Exposition (Expo) have also strengthened the confidence of Shanghai residents in the municipality's future, Liu stressed. According to Liu, 238

SHANGHAI 00000229 002 OF 004

countries and regions have confirmed their participation in the Expo, of which over 40 had agreed to build pavilions. This effort will give a strong boost to the Shanghai economy.

15. (SBU) Nevertheless, Liu acknowledged Shanghai's development has its challenges as well, notably the ubiquitous construction sites that create substantial inconvenience to its citizens. In addition, Shanghai has had to relocate about one million households in order to improve living standards. He admitted not all citizens have welcomed relocation. If even just one member of each household opposes relocation, that means one million unhappy people, Liu observed.

16. (SBU) Liu briefly described the organization and functions of the Shanghai Municipal People's Congress. Using energy issues as an example, he indicated the congress has increasingly passed more detailed local legislation in contrast to the very general statutes of earlier years in order to strengthen regulation. The congress is also focusing on improving the administrative regulations of the municipal government.

17. (SBU) In response to question from Representative Markey on energy efficiency standards in Shanghai, Liu noted he had personally made inspection tours of building sites to observe the installation of energy saving measures. For example, new government buildings and factories are required to install energy-efficient lighting and automatic switches to reduce power consumption. In addition, the Shanghai Municipal Government is providing subsidies to car owners that encourage them to switch to more fuel-efficient vehicles, Liu stated. Shanghai also has a number of solar power and wind power facilities, and the municipality's Tongji University has been pioneering several new energy-saving technologies that have yet to be commercialized. Liu indicated that, according to a municipal government report, Shanghai's coal consumption per RMB 10,000 of GDP has fallen over 11 percent over the past three years.

Speaker: Important to See China First-hand; Support for U.S.
Presence at 2010 Expo

¶8. (SBU) Speaker Pelosi recounted her meeting earlier in the date with Catholic Bishop Jin Luxian (septel), who had noted how, despite the improvements in communication in the modern world, there is still no substitute for seeing something in person. She thanked Liu for the compliment he and the other Chinese participants had given to the U.S. delegation in the time and effort they had contributed to allowing the members to experience China first hand. She indicated the main purpose of the delegation was to discuss energy and climate change, a pillar of President Obama's policy agenda, with their Chinese counterparts.

¶9. (SBU) The Speaker added that she could not imagine the Shanghai 2010 Expo without a U.S. national pavilion and indicated she would work with Secretary of State Clinton on U.S. representation at the Shanghai Expo.

¶10. (SBU) Participants:

SHANGHAI 00000229 003 OF 004

Chinese Participants

Liu Yungeng, Chairman of Shanghai MPC Standing Committee

Li Zhaoxing, Chairman of NPC Foreign Affairs Committee

Zhou Wenzhong, Chinese Ambassador to the United State

Hu Wei, Vice Chairman of Shanghai MPC Standing Committee

Yao Mingbao, Secretary General of Shanghai MPC Standing Committee

Gan Zhongze, Member of Shanghai MPC Standing Committee and Chairman of Shanghai NPC Urban Construction and Environment Protection Committee

Ms. Ying Peiyi, Member of Shanghai MPC Standing Committee and Chairman of Shanghai MPC Overseas Chinese, Ethnic and Religious Affairs Committee

Li Mingjun, Director General of Shanghai Municipal Government Foreign Affairs Office

Ms. Yang Jiaying, Vice Secretary General of Shanghai MPC Standing Committee

Xu Yi, Deputy Director of Shanghai MPC General Office

Chen Guomin: Minister-Counselor of the Chinese Embassy to the United States

Peng Fang, Director, General Office of NPC Foreign Affairs Committee

Xu Dong, Deputy Director, General Office of NPC Foreign Affairs Committee

Zhao Yong, Deputy Director-General of Foreign Affairs Bureau of
the General Office of NPC Standing Committee

He Shaoren, Deputy Director-General of the Information Bureau of
the General Office of NPC Standing Committee

Cheng Lei, Counselor and Director of Department of North
American and Oceanian Affairs, Ministry of Foreign Affairs

U.S. Participants

Speaker Nancy Pelosi and Mr. Paul Pelosi

Rep. Edward Markey and Dr. Susan Blumenthal

Rep. James Sensenbrenner and Mrs. Cheryl Sensenbrenner

Rep. Earl Blumenauer and son Jon Blumenauer

Rep. Jackie Speier

Acting United States Consul General in Shanghai Simon Schuchat

Professional Staff Members to the Speaker and Representatives

Christopher Beede, Consulate Political and Economic Section
Chief

Christopher Wurzel, Consul (notetaker)

Fei Yuying, Consulate Interpreter

SHANGHAI 00000229 004 OF 004

11. (U) The Speaker's delegation has cleared this message.
SCHUCHAT